



United States Attorney District of New Jersey

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November 30, 2010

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FORMER OWNER OF NEW JERSEY-BASED SKYLINE EQUITIES, INC. PLEADS GUILTY TO INVESTMENT AND SOCIAL SECURITY FRAUD

NEWARK, N.J. – The former owner of Livingston, New Jersey-based Skyline Equities, Inc., pleaded guilty today – the day jury selection for his trial was scheduled to begin – to offenses arising from his theft of over \$800,000 from investors in a scheme involving fictitious overseas investments and from defrauding Social Security, U.S. Attorney Paul J. Fishman announced.

Paul J. LoPapa, 64, of Livingston, pleaded guilty to charges contained in two separate Indictments: one count of conspiracy to commit wire fraud and six counts of wire fraud in connection with the investment scheme; and one count of social security fraud for fraudulently receiving benefits from August 2001 through October 2007. LoPapa entered his guilty pleas before United States District Judge Susan D. Wigenton in Newark federal court.

The defendant has been in federal custody since his arrest by special agents of the FBI and Social Security Administration - Office of the Inspector General in October 2008.

According to the Indictments to which LoPapa pleaded guilty and statements made in Newark federal court:

LoPapa admitted that he and an individual identified in court documents as “M.B.” solicited investors through Skyline Equities for an investment program referred to as the “Bank Guarantee Program,” which they billed as a sophisticated international financial instrument facilitated through well-known financial institutions.

In order to lure investors, LoPapa and others promised high returns, conducting face-to-face meetings with investors at his home. LoPapa and M.B. did not invest the money, but spent it on personal items – including five high-end Mercedes-Benz automobiles. LoPapa also spent investor money to pay for property taxes, health insurance premiums, and credit card purchases for items and services. In all, investors wired approximately \$815,000 into a Skyline account.

LoPapa also admitted to unlawfully receiving social security disability payments from August 2001 through October 2007, which totaled approximately \$145,000. In his application for disability insurance benefits to the Social Security Administration, LoPapa falsely claimed that he had not worked since 1990. LoPapa received benefits even though he was engaged in substantial work activity, including illegal activity in New Jersey.

The conspiracy and wire fraud charges to which LoPapa pleaded guilty each carry a maximum statutory penalty of 20 years in prison; the social security fraud charge carries a maximum of five years in prison. Each charges carry a maximum fine of \$250,000, or twice the gross gain or loss from the offense. LoPapa is scheduled to be sentenced on March 7, 2011.

U.S. Attorney Fishman credited special agents of the Social Security Administration Office of the Inspector General, under the direction of Special Agent in Charge Edward J. Ryan in New York; and special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward in Newark, with the investigation leading to today's guilty plea.

The government is represented by Assistant U.S. Attorneys Justin W. Arnold and Matthew E. Beck of the U.S. Attorney's Office Economic Crimes Unit in Newark.

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Defense counsel: Thomas Dunn, Esq., Glen Rock, N.J.